

LAKE COUNTY IMPACT FEE COMMITTEE
MARCH 15, 2007

The Lake County Impact Fee Committee met on Thursday, March 15, 2007 in Room 233 of the Round Administration Building in Tavares, Florida. Ordinance 1996-31, effective April 19, 1996, created this Committee to review impact fees adopted by the Board of County Commissioners, evaluate the expenditure of funds collected via impact fees, and make recommendations to the Board of County Commissioners.

Ordinance 2004-26, enacted April 6, 2004, effective April 13, 2004, changed the name of the Impact Fee Evaluation and Review Committee to the "Lake County Impact Fee Committee" and changed membership from eleven members to ten members. A current commissioner of the Lake County Board of County Commissioners shall serve as liaison in a nonvoting position and shall not be considered a member.

County Commission Liaison

Commr. Jennifer Hill

Members Present:

Bill Benham, Agricultural Industry Representative
Douglas Buskers, Lake County Conservation Council
Bill Calhoun, Citizen-at-Large
Nancy Hurlbert, Citizen-at-Large
Jean Kaminski, Home Builders Association of Lake County, Chairman
Karen LeHeup-Smith, Lake County League of Cities
Jim Miller, Chamber of Commerce, Vice Chairman
Noah Powers, Superintendent of Schools Designee
Ray San Fratello, Industrial Community Representative
Ammon Smith, Citizen-at-Large

Staff Present:

Gregg Welstead, Deputy County Manager
Regina Frazier, Budget Director
Wendy Wickwire, Impact Fee Coordinator
Michelle Danielle, Budget/Impact Fee Technician
Sherie Ross, Public Hearing Coordinator
Debi Tinis, Financial Coordinator, Lake County Public Works
Sanford A. Minkoff, County Attorney

Chairman Kaminski called the meeting to order at 9:30 a.m. She noted that a quorum was present and confirmed that the meeting had been properly advertised. She introduced Noah Powers, a new member of the committee representing the Superintendent of Schools.

MOTION by Jim Miller, SECONDED by Douglas Buskers to approve the November 16, 2006 Lake County Impact Fee Committee minutes, as submitted.

FOR: Buskers, Calhoun, Kaminski, Miller, Powers, San Fratello, Smith

AGAINST: None

MEMBERS NOT PRESENT: Benham, Hurlbert, LeHeup-Smith

MOTION CARRIED: 7-0

Election of Officers

MOTION by Jim Miller, SECONDED by Douglas Buskers to retain Jean Kaminski as Chairman of the Lake County Impact Fee Committee for the next year.

FOR: Buskers, Calhoun, Kaminski, Miller, Powers, San Fratello, Smith

AGAINST: None

MEMBERS NOT PRESENT: Benham, Hurlbert, LeHeup-Smith

MOTION CARRIED: 7-0

MOTION by Douglas Buskers, SECONDED by Ray San Fratello to elect Jim Miller as Vice Chairman of the Lake County Impact Fee Committee for the next year.

FOR: Buskers, Calhoun, Kaminski, Miller, Powers, San Fratello, Smith

AGAINST: None

MEMBERS NOT PRESENT: Benham, Hurlbert, LeHeup-Smith

MOTION CARRIED: 7-0

Nancy Hurlbert came into the meeting.

Debi Tinis presented the road impact fee annual report and distributed information regarding the 2005/06 road impact fee projects, road impact fee receipts and disbursements since their inception in 1985, graphs for historical road impact fee revenue, and road impact fee revenue for 2002 to 2006. She noted that there is a slight decline in road impact fee revenue; a further decline is expected for the current year. Mr. Miller agreed that there is a decline, but it was "crazy" before. Ms. Tinis added that there was a peak pre-payment time during 2004 and 2005.

Bill Benham came into the meeting.

Ms. Tinis pointed out that about \$16 million were received for the benefit districts and about \$14 million were spent for the fiscal year ended September 30, 2006, leaving a surplus of approximately \$1.9 million that will roll forward. Mr. Miller commented that having a map of the benefit districts would be helpful when this report is presented in the future. Ms. Tinis said she would leave a map with the districts for this Committee. Chairman Kaminski noted that at the bottom of the receipts and disbursement sheet it does list towns and cities that are included in each benefit district. Ray San Fratello confirmed with Ms. Tinis that fees collected in a district are spent in that district.

Chairman Kaminski stated that she appreciated the historical data that was provided.

Randy Young of Henderson, Young & Company distributed a four-page table showing a comparison of 2004 and 2007 school impact fees for Lake County. He said he knew they had access to the school impact fee study, and he was available to answer questions about it. He said he would be making his presentation of the study by comparing it to the current school impact fee in Lake County. He discussed the key data in the table that he had distributed. He explained that this study excludes private schools, home schooling, children in the juvenile justice system that have to be educated, and charter schools that are outside the control of the school district. However, the School Board has to be prepared for those who change their choices and come back to the school system. Therefore, it is important to have accurate predictions. He noted that it is absolutely prohibited to charge impact fees for an existing problem. If there is a deficiency, that is the responsibility of the School Board. No impact fee monies can be used for that. Mr. Young stated that the

numbers in this table are extremely accurate for the district as a whole.

Regarding the construction cost per student, Mr. Young said the \$13,515 in 2004 is a statewide average whereas the \$24,158 is a local number that comes from a specific set of schools and their actual contract documents. The following elementary schools were used in the calculation: Elementary schools H, I, K, and Minneola Charter School, which is a charter school for which there is a School District role and responsibility. The state cost at this time is \$18,100 rather than the \$13,515 in 2004. He added that construction costs have gone up radically for school construction. The School District has a contract for Middle School DD; it also has contracts for additions at East Ridge and South Lake High Schools with an adjustment factor to carry their pro rata share of the central space.

Although it was not done in 2004, the School Board is recommending that borrowing costs be included in the school impact fee. Mr. Young said a detailed analysis was done in 2004, and a new updated detailed analysis was done in 2007. It was determined that 40 percent of the cost of construction for elementary schools is borrowed. For middle schools, 78 percent of the cost of construction is being borrowed; for high schools, it is 79 percent. The net present value amount would include the interest earned on impact fees. In 2004, there was no precedent to including borrowing costs in impact fees. However, now Brevard County schools have a school impact fee that includes an interest component for future costs of borrowing. Ms. Kaminski said that in 2004, this Committee was advised by an attorney that to include an interest component would be illegal.

Regarding land cost at all three school levels, the cost has generally increased based on local data for the most recent purchase of parcels. The reason why the elementary school land costs went down was that a donation of land was made for an elementary school site. When Mr. Miller said that it is becoming a trend so that will probably continue and may even increase, Mr. Young said the only donation taken into account was the donation that was made as an absolute gift. Any donation that is made as a trade-off for impact fees is treated as though it was paid for because it is trading one asset for another. There is no trend of increasing donations of school sites as absolute gifts. Mr. Miller added that the plan is to extract more from developers. If that is done, Mr. Young said that under the concurrency law, those will be credits against impact fees.

Mr. Young explained that ancillary costs would include facilities that the School District owns and operates that are not at the campus but are needed to run the School District such as a transportation facility or School District offices.

Mr. Young said the methodology for school bus cost per student has not changed. In the 2004 study, cost per student was used. In the 2007 study, cost per student station was used since not all student stations are occupied by students during every portion of the day in every school. The statewide average for middle schools is 90 percent utilized; for large high schools, they are 95 percent utilized. Item 10 on the table adds together items 5, 6, 7, 8, and 9.

Mr. Young stated that all the numbers in Items 11 and 12 should have three zeroes added to each of those numbers. When Mr. Miller questioned the numbers in Item 11, Mr. Young said that under the total for the 2007 study, the number should be 123,058 instead of 90,989. Chairman Kaminski said it should be 123,047. Mr. Young said the numbers are accurate in the study and not rounded. He noted that the 7,996 figure under Item 11 should be changed to 40,065, based on the figures from the study. In addition, the percentage change should be 48.3 instead of 9.6. Under Item 12 on the totals line, the following changes should be made: 352,157 should be changed to 477,884; 171,939 should be 297,662; and 95.4 percent should be 165.2 percent.

In the arena of school statistics, Mr. Young said the census is used to determine the number of each different type of house and the number of school age students from each type of house by level of school. It is local information for Lake County, and the only source of information for the data needed. Reliable averages are needed. In Item 15 on the balance line in the 2007 column, the number should be -24,419 rather than 7,649. In column 3, it should be 120,300 instead of 152,364. The percentage change would be -83.1 percent rather than 105.3 percent.

Regarding the class size amendment passed in 2002, the amendment indicated that the State would pay the cost. The State has done this on an irregular basis. However, there is no statement in the amendment that says that if the State does not pay for it, the requirement to meet the class size amendment is invalidated. The State treats the class size amendment as the law of the State of Florida. The only information available from the State is class size amendment numbers. Lake County does get some money to meet this amendment requirement.

Mr. Miller pointed out that there are people who pay their home and impact fees in cash, and he did not feel these people should be penalized for the interest portion of the impact fee.

Karen LeHeup-Smith came into the meeting.

Chairman Kaminski said the purpose of this Committee is to recommend approval or denial of the school impact fee study or to postpone the discussion until next month for further study.

In response to Mr. Miller, Mr. Young said the Brevard County study has not been challenged at this time.

Mr. Buskers asked the definition of a permanent student station and if any adjustments are made for part time students that are in a school work program or similar program. Regarding permanent student stations, Mr. Young said they use the state's definition of that. Portables are not considered permanent student stations. Permanent student stations are the buildings that were designed to be there all the time. This study is based on permanent student stations because that is what the state counts. It is also based only on what the state acknowledges as the program base, which are students in regular classrooms. The existence of portables is acknowledged but not included in the impact fee. There is a state law directing school districts to get out of the business of using portables. Based on a study done in Volusia County, portables do not save money as a portable does not last as long as a permanent facility. A permanent facility lasts 50 years; a portable lasts 20 years. Chairman Kaminski commented that it has a major effect on capacity because a school can never be built until the students are there so the school district is always behind and portables have always been used. There has been debate and discussion as to whether portables should be incorporated into capacities. Based on their understanding of state law and their best recommendations to the School Board, Mr. Young said his company has excluded portables in this County and all other counties they worked in. The Lake County School Board has recommended that for this Committee's consideration, but this Committee could make a contrary recommendation.

In response to Mr. Buskers, Mr. Young said the study only counted full-time equivalents (FTEs). Two students who go to school half a day and work half a day would be counted as one FTE.

Bill Benham referred to the gift of land for a school site under Item 7 that was part of the calculation. With the parks and recreation impact fee, donated land was not taken into account in the calculation. No credit was given as in the school impact fee. He asked why they were treated differently. Chairman Kaminski said the land for the school was an outright gift with no strings attached. All impact fees have always given a future impact fee credit. In some instances, it has been an exchange of property for credit.

When Ray San Fratello asked if the state dictates the number of acres needed for a school, Mr. Young said there are no definitive rules due to the topography on different properties. The numbers are derived from state guidelines but are local school board benchmarks for school sites. Mr. San Fratello asked if there is a price difference between one-story and two-story schools. Until recently, Mr. Young said land has been cheaper than going vertical. However, additional stories would require bigger structures underneath to keep the school from sinking. In addition, more students would require more playgrounds and more buses. He does not question how a School Board operates; he bases his calculations on what is being done at that time. School districts have very elaborate state standards that must be followed when building a school. Mr. Miller felt schools are being built as cost effective as possible given the standards they must follow. Chairman Kaminski said she had a major concern about including interest in the impact fee. She could never recommend this fee with that provision. She also had a problem with no credits being given. She added that she would be interested in seeing some backup information on some of the student generation rates and the portables. She was also concerned about the increase in permanent facilities construction

costs since the last study because actual numbers rather than state numbers are being used. Since state numbers have been consistently used in the past, she questioned if it may be more appropriate to continue using those numbers rather than the higher numbers. She did not feel materials have gone up that much. She also noted that throughout the study, the cost of a middle school is higher than a high school. She did not feel that made sense in light of high schools generally having science labs and ball fields. Mr. Young said they think the high school costs are significantly understated. The costs shown are for classroom additions only. They did add a core facility factor to try to emulate the cost if a full school was built. The core facility factor used is local data. Chairman Kaminski said that in the last study, the middle school costs were more. In the 2004 study, Mr. Young said the construction cost per student for middle schools was \$15,496, and the high school cost was \$20,506. He added that the 2004 numbers were two years old at the time they got them based on the statewide average that did not represent what it really costs in Lake County. He said they would have used the state number for construction cost per student at the three levels of schools, but state law passed that required local numbers be used.

Chairman Kaminski questioned using the class size amendment in calculations for new construction. It may not even be legal; that is under contention in Polk County. In response to Mr. Miller, Mr. Young said impact fees would not be charged for the deficiency. They very carefully calculated what that deficiency is courtesy of the class size amendment, a cost of \$123 million. Not a penny of that is coming out of future impact fees. Mr. Miller said he did not have a problem with the construction cost of the student stations if it is the law of the land and that is what it costs as long as impact fees are not used for the deficiency. Chairman Kaminski felt the Committee must be very careful when looking at that.

Chairman Kaminski stated that she found some major differences in the five-year capital revenue summary in School Board documents and the five-year capital revenue in the study. There are differences all across the board, which puts the fee higher. Mr. Young asked Chairman Kaminski to give those figures to Mr. Powers and him so they can check why there is a difference. Chairman Kaminski said it is the five-year capital revenue summary for the fiscal year 2007 to 2011 dated October 9, 2006. Mr. Young said the document he worked with was the one that was approved by the School Board and sent to the State. He added that if there are better numbers available, he will change his. They have worked incredibly hard to get exactly the right numbers. Chairman Kaminski said she pulled it off the Web on March 5, 2007. Noah Powers said they would check into this; he believed the School Board approved one on October 25. Doug McCarl with the Lake County Schools Finance Department said part of the reason is the time period when they started gathering the information for the study; it took several months to research and gather the information so it may be from the prior year. Chairman Kaminski may be looking at information based on the current year. Mr. Young explained that the data in the study was accurate at the time it was requested. Ms. Kaminski said there were some significant number differences. She added that the study shows no state PECO funds after the 2007/08 year. At the time that information was requested and provided, Mr. McCarl said the state projections available did not show any revenues coming in for that year. The State recently updated that information where a small amount will be coming into that fund, but it is not a dramatically large number.

Regarding Mr. Young's discussion of borrowing costs, Mr. Miller said the student is a cash buyer; the School District gets the cash when the school impact fee is paid. There is no financing involved.

Chairman Kaminski said the Committee can bring back this subject for additional discussion and public input at the regular meeting in April, send it forward with the concerns of the Committee, or send it forward with no comment. Her personal preference would be to come back in April for more discussion. When Bill Calhoun asked what would change between now and April, Chairman Kaminski said she was not aware of any changes; but this would give the Committee another opportunity to ask more questions.

MOTION by Jim Miller, SECONDED by Ray San Fratello to recommend adoption of the school impact fee study, as submitted, with the elimination of the interest element.

Mr. Miller asked how much the school impact fee would be reduced if the interest cost is removed. Mr. Young said it would change Item 17 on page 4 in the following way. Under the 2007 Study column, if the only change was to remove the borrowing cost, the \$17,513 figure for a single-family residence would

change to \$12,295; the \$10,574 for a multifamily residence would change to \$7,502; and the \$6,198 for a mobile home would change to \$4,348.

Chairman Kaminski said she will be reviewing further the actual numbers in several areas of the study and also have some experts review them. Therefore, she will not be supporting any recommendation at this meeting.

If any changes are made, Mr. Calhoun said a secondary report could be submitted. He felt the Committee needs to go forward with this. Mr. Powers agreed. He said every day the School District gets further behind. At this time, the taxpayer is paying the bill for the interest when the School Board borrows money. He felt borrowing costs should be a part of doing business as it is in any other operation. He would like to see the impact fee study accepted as presented with the interest cost included.

Chairman Kaminski said she agreed with Mr. Miller and Mr. San Fratello that the borrowing cost is an inappropriate charge to be included in the impact fee. However, she said she is not ready to vote. She needs more verification before voting on anything, with or without interest. She was in support of removing the interest cost from the impact fee. Mr. Calhoun said he disagreed with Mr. Miller in that regard.

When Ammon Smith asked if it was a legal issue as to why the borrowing costs should not be included, Chairman Kaminski felt it is a legal issue. Philosophically, she did not feel it should be included.

Sanford A. Minkoff, County Attorney, explained that during the last school impact fee study, the firm that reviewed the study from a legal standpoint recommended not including the interest component that was shown in that report. The School Board will be conducting a legal review later. They did not have a separate legal review done at the time of the study. If the Committee's recommendation is that the borrowing cost should not be included legally, that recommendation will be given to the BCC. At this time, the County Attorney's office does not have a legal opinion. This study is set up differently. Mr. Young has justified the interest in a different way than was done the last time.

Ms. Hurlbert confirmed that this Committee could recommend the study as is to the BCC; and if a legal review shows the interest component is illegal, it would automatically be removed. Mr. Minkoff said his office will have an opinion before it is sent to the BCC if the study is passed that way.

Mr. San Fratello said he was interested in the research Chairman Kaminski spoke of pursuing as that may have an impact on a vote about whether or not to keep the interest component and forward it on or not deal with it at this time and wait for the research results.

Mr. Miller agreed with Mr. Powers that the longer this is put off, the more behind the School District will get. Chairman Kaminski will have an opportunity to review the numbers prior to the BCC public hearing and bring them up at that time.

FOR:	Benham, LeHeup-Smith, Miller, San Fratello
AGAINST:	Buskers, Calhoun, Hurlbert, Kaminski, Powers, Smith
MOTION FAILED:	4-6

MOTION by Bill Calhoun, SECONDED by Nancy Hurlbert to forward the school impact fee study to the Board of County Commissioners, as presented.

Mr. Benham confirmed that there would be a legal review. Chairman Kaminski reiterated that she would not be supporting this motion as she did not feel the study is ready to go yet. Mr. San Fratello commented that this study is a very sobering report and something needs to be done. However, at the same time, the BCC must deal with the allocation of scarce resources. He felt that is a big concern for many. He

questioned how this will affect affordable housing but felt that was an issue for the BCC.

FOR: Benham, Buskers, Calhoun, Hurlbert, LeHeup-Smith, Miller, Powers, San Fratello, Smith

AGAINST: Kaminski

MOTION CARRIED: 9-1

There was a short break.

Bob Wallace and Nilgun Kamp of Tindale-Oliver & Associates, Inc. gave a presentation on the transportation impact fee. Mr. Wallace pointed out that the County has made the investment to collect local data that actually measures how far people travel, how many trips a day they make, and whether those trips are new trips on the road. That data augmented with Florida data over the last 15 years gave the company a comfortable and solid base for the demand component of the impact fee. He said they have found that the trip lengths and trip generating patterns of Lake County are higher than other local data as Lake County does not have a perfect grid because people have to go around lakes, creating longer trip lengths. They recommend using the local data because it was collected in 2001 and 2006. Regarding trip lengths, there is no good source of trip lengths from a national prospective. They have significant Florida data. He reiterated that they have used the local study's trip lengths based on the model. He pointed out that in the 2007 study but not in the 2001 study, they included travel on SR 50 and US 27 because they can use impact money on the state system. He noted that there is less state money, both available and going to state roads other than the state intermodal system, which would include the Turnpike and parts of US 27. He spoke of the increased construction costs due to an increase in costs of materials and scarce labor. He said that perhaps the cost increases could be stabilizing or not increasing nearly as dramatically in 2007 as in the past three years, but he did not think costs would be going down. He said there is a higher number in terms of capacity in this study because they are treating some of the county roads more like capacity found on a state road. They have blended the capacities consistent with some of the other jurisdictions. The higher capacity is being used because they felt the roads are being built closer to a state road design.

Regarding the credit component, Mr. Wallace said there have been some significant state roads being built and expanded in Lake County that has caused the credit to go up significantly. He said that indexing is fast becoming a favored practice, with nine out of ten counties considering some form of indexing to basically adjusting the impact fee on an annual basis to reflect the increases in costs although no index could have predicted what has occurred over the past three years. He spoke of several communities that have applied indexes in their fee schedules.

Even if this impact fee is adopted at 100 percent, Mr. Wallace said other revenue sources will need to be considered to make up the shortfall. He added that another sixth of a cent of sales tax will generate more money than the total five-cent local option gas tax. At the present time, all gas taxes are used for road maintenance, not expansion of the road system. He said he did not have the solution for how to fund the gap in order to finance transportation system in Lake. The County can look at other funding sources or change the level of service. Lower impact fees and lower total amounts of revenue going into the system will eventually trigger additional level of service problems and additional concurrency problems.

When Mr. Calhoun asked if an increased cost of construction would mean a better quality of construction, Mr. Wallace said in general he felt that was true. The standards are designed to achieve a 20- to 25-year life cycle. However, it may not always work out that way.

Mr. San Fratello asked why Brevard County, Osceola County, and other Central Florida counties were not used in the comparisons. Mr. Wallace explained that he tried to use the counties in the area where their impact fees had been recently updated; however, those other counties could be used. Brevard County has not updated their impact fees for many years. Regarding Orange County, their transportation impact fee is about \$3800. It is his understanding that their fee is to be updated next year. However, the methodology used in that study has some differences from the methodology used in Lake County's study. He had some

concerns about whether they could build the roads and program based on the costs in that study.

Mr. Powers questioned using the cost figures from Collier County in the comparison as it is an upscale community. Mr. Wallace replied that it was one of the peers used for the county construction costs, the specifications, the engineer's estimate, and the actual engineer's bid estimate; professional engineers on his staff reviewed those bids compared to Lake County bids and concluded that they were comfortable keeping both Collier County and Pasco County in the comparison. When Mr. Powers said material availability may be more difficult in that district than in the surrounding area, Mr. Wallace said he would recheck that to determine if there is an abnormality that would be a reason not to use Collier County in the comparison. He referred to the table on page E-2 of the Draft Lake County Impact Fee Report, noting that of the 28 lane miles used for peers, 20 miles came from Collier County at \$2.7 million so Collier County actually weighted the cost per lane mile down as compared to Lake County at \$3.8 million.

Ms. Hurlbert asked if accepting this study at 100 percent would make Lake County the highest in the State. Mr. Wallace said they are updating Collier County's impact fees again. Although he could not confirm it, he said it is likely that their fee will be higher than Lake County's fee once it is updated; Lake County will be among the highest for two reasons. The costs are reflective of what it really costs to build per unit of development in Lake County, and that unit of development consumes more capacity than it does in other counties because of the lakes. People travel and consume more vehicle miles of capacity in Lake County than the same development in other counties. If Lake County would start to build more traditional neighborhood developments that were more self-contained with mixed uses and a land use was placed in the schedule with a charge for that, it may become an incentive for that type of development. Ms. Wickwire said that she thought the intent of the plan for Lake Minneola was to do something like that. If the County had something to study, it may be possible to come up with a fee.

In response to Ms. Hurlbert, Mr. Wallace said this study contains a recommendation to the BCC to consider indexing as an option. If the County indexes, Ms. Hurlbert said the County may not find itself in the position it is in now in four or five years. Mr. Wallace replied that there is no doubt that if this recommended fee is indexed at nine percent and that is compounded at 50 percent for a five-year period, the County will have an increase that is 50 percent less than what this Committee is looking at now. However, no index would have covered what was experienced in the last three or four years. Most communities are considering indexed fees.

In response to Ms. Hurlbert, Mr. Wallace said Citrus County accepted the transportation impact fee at 100 percent and phased it in at 50 percent of that recommendation with a study for an economic evaluation of other alternative revenue sources that could be used to fund transportation and the effect on the economics of the community. They are scheduled to review this again in January of 2008 when the study is completed.

Ms. Hurlbert asked about the effect on low and very low housing with this increase in the transportation impact fee. Mr. Wallace said he would feel comfortable that a house under 1500 square feet that meets the requirements for very low income level housing would have a trip generation of 3.5 trips per day as opposed to an average single-family house trip generation of 8.7 trips per day. Low income level housing would generate 5.4 trips per day. This is a direct attempt to try to respond to the affordable housing issue. It is quite a dramatic decrease from the fee. The deferral issue is used by some counties whereby programs are set up that defer the payment of the impact fee for a period of time up to ten years. If the house is still occupied by qualified affordable housing applicants at that time, that deferral becomes a permanent waiver of the impact fee. That concept has been rejected by several counties because it is the elimination of the impact fee completely for some. A concept used by Highlands County is to create an affordable housing incentive program that basically is funded with a portion of the excess property tax income received from new housing over the last few years. This ad valorem money is put into an economic fund for affordable housing and used to pay part or all of the impact fee. The most solid legal perspective is not to waive impact fees and to pay them with other revenue sources. Ms. Wickwire explained that Lake County does have a waiver program. Earned interest from accounts is allocated to cover the waivers.

Ms. Hurlbert was informed by Mr. Wallace that a church with after school care or a day care center would

pay the church rate. Ms. Wickwire said the Lake County Code says that if it is a separate use, the building would be divided up based on use. Mr. Wallace said he has it done both ways. Mr. Minkoff commented that that would only be for a fulltime day care. A church that had a mother's morning out one day a week or something similar would not be considered day care; it would just be church.

Mr. Calhoun asked if this study took into account the development and future use of mass transportation in the County. Mr. Wallace replied that in the data they have collected throughout the State from communities with transit systems, the trip generating characteristics would have had the benefit of the presence of mass transportation in them. Even in more highly urbanized areas, the reductions amounted to one or two percent at the most. The residential studies done in Lake County where there is no other transportation would not reflect that. If Lake County reached the point where there was a good benefit from public transportation, he would suggest making some adjustments to the expenditure of monies. However, he did not think Lake County was at that point yet and probably will not be there for several years although some of the efforts being looked at now in Lake County for public transportation are commendable.

Mr. San Fratello said the Industrial Development Authority (IDA) recognizes that these things need to be looked at. From an economic development standpoint, one of their concerns was whether a higher impact fee would attract jobs that would diversify the economy. Mr. Wallace said he had not done a study to that effect. He stated that any specific land use that disagrees with the amount of the impact fee adopted could conduct an independent study that could demonstrate a lesser amount. He spoke of counties that have created an economic development incentive trust fund. Money is put in that trust fund for land uses that were targeted with comprehensive plan policy statements in the comprehensive plan of the cities and the County that said they wanted to encourage those land uses to come into the County and were willing to pay the impact fees from another source of funds if the land uses meet the criteria. Reports with specific information must be submitted annually. That type of program could also be looked at, but a funding source is necessary to fund the impact fees.

In response to Mr. Powers, Ms. Kamp said they began collecting data in Pasco County in May or June of 2006. The data for Lake County began being collected in September of 2006.

Mr. Minkoff said it is dangerous to compare impact fee amount to impact fee amount because unlike schools where the revenue sources are mostly standard from county to county, local governments may use different amounts of gas tax for transportation, which would lead to different credits. Looking at the bottom line without understanding the differences and what credits are given makes it difficult to compare higher and lower impact fee amounts. Mr. Wallace said this is a relative comparison of the net transportation impact fee that is either adopted or proposed in the counties shown.

Chairman Kaminski felt very strongly that county road impact fees should be based on county costs, not state costs or blended. If there is a reason and funds available for the County to use some of the local fees to expedite a state project, the County has the ability to do that already, and the State eventually pays it back. On Page 23, Section 6 of the study, Chairman Kaminski said it states that the permits are constant, and it anticipates that to be true. The permits in Lake County have been falling since 2005; they peaked in 2004, and it has been going steadily downhill. She questioned basing the fee on trends of higher building permits.

Chairman Kaminski asked how the locations for the specific data compiled were selected. Mr. Wallace said they met with Lake County staff explaining to them that his company wanted to collect data in areas that are typical of the type of development that will continue to occur in Lake County in the future. The staff provided about 20 sites. People from his company visited those sites and recommended certain sites back to the Lake County staff in order to receive approval to use those sites.

Chairman Kaminski said she is very much against indexing. She felt that impact fees need to be thoroughly reviewed before being increased. In response to Chairman Kaminski, Mr. Wallace said it was an administrative decision to use dwelling unit rather than square footage. Ms. Wickwire explained that previously one reason for tiering was to allow a slightly lower fee for affordable housing. Since the current

study builds in several affordable housing rates, she did not feel it was necessary to continue with the tiering.

As with the school impact fee, Chairman Kaminski said their charge is to either recommend that this transportation impact fee go forward as it is, recommend that the fee go forward with changes, or recommend that it not go forward at this time. Personally she was concerned about what has occurred at this meeting as far as this Committee recommending 100 percent of the school impact fee at \$17,000. The proposed transportation impact fee is \$11,000. She expressed hope that the BCC will look closely at these fees and answer the very serious questions and concerns relating to the studies.

MOTION by Bill Calhoun, SECONDED by Nancy Hurlbert to forward the transportation impact fee study with the recommendation of indexing to the Board of County Commissioners.

Ms. Hurlbert commented that if indexing had been part of the 2001 impact fee adoption, she did not feel the disparity at the current time would have been as great. She said she greatly favors indexing.

Chairman Kaminski said that she does not accept all these figures. Therefore, she did not think that indexing would help. In the past, Ms. Wickwire said this Committee had discussed not having standard indexing every year, but doing calculations on a year-by-year basis. Mr. Miller said he would be more comfortable with that. It would not be an expensive thing to do. Mr. Wallace said there are two ways to index. There are counties that have set up a fee schedule five years in advance. However, there are probably more counties that will index the fees for one year and then reevaluate it at the end of that year, resetting the index based on what happened on the average for the past three years. He did not feel an index should ever be based on one year of history. By reevaluating each year, it would need to go back to the BCC every year and an adjustment can be made; the adjustment can be done by resolution, which is not as cumbersome from a public notice point of view, or it can be done through an ordinance, which requires full notice to the public. Mr. Calhoun commented that there could be no change some years. He asked if it would be legal to have a percentage index. Mr. Wallace said the fee schedule could be published at the index recommended in this fee (8.9 percent), check it each year, and if the costs have not risen to that level, the index could be adjusted downward. The fee can always be changed through the proper notice requirements even if the index has a multi-year schedule in it.

Mr. Powers said phasing in would give this Committee an opportunity to review the numbers each year.

AMENDMENT by Bill Calhoun to recommend phasing in the transportation impact fee over a five-year period beginning at 50 percent.

Mr. Smith suggested using the county amount instead of the blended \$4.2 million and then index that on an annual basis.

Mr. Wallace said this Committee can recommend discounting the impact fee and drop it down to the rate that would be equal to the county road costs. However, if the state roads are removed, the credit calculation should be removed as well. The credit calculation is probably giving greater benefit than the ten percent increase from \$3.8 million to \$4.2 million because the impact fee is weighted at 80 percent County and 20 percent State. By the time this impact fee study goes before the BCC, Mr. Wallace said he will have a calculation showing that difference. Chairman Kaminski said that is what was done the last time. The study had the state road cost in it, but the fee was based on what the fee would be just using county roads.

Bill Calhoun withdrew his amendment.

FOR: Calhoun, Hurlbert

AGAINST: Benham, Buskers, Kaminski, LeHeup-Smith, Miller, Powers, Smith, San Fratello

MOTION FAILED: 2-8

Mr. Buskers said he would like to see the numbers reflecting a fee based on just using county roads but with the state road cost in the study as well as a table demonstrating the different forms of indexing.

If state roads are removed, Mr. Minkoff said it will eliminate the County's ability to use impact fees as a matching source of funds under the new state trip program. That would be a real handicap. Keeping in the state roads would not mean that the County has to spend impact fee money on state roads, but removing the state roads would mean the County could not use the impact fee money on state roads.

MOTION by Bill Calhoun to recommend phasing in the transportation impact fee over a five-year period beginning at 50 percent and increasing it by ten percent each year.

Karen LeHeup-Smith said it appears that would put the County way behind in six years. Mr. Miller suggested phasing in at 50, 75, and 100 percent.

Bill Calhoun withdrew his motion.

MOTION by Jim Miller, SECONDED by Bill Benham to forward the transportation impact fee study to the Board of County Commissioners with a recommendation to phase in the impact fee at 50, 75, and 100 percent over a three-year period.

Mr. Buskers asked if this Committee could discuss the idea of having additional revenue sources investigated.

FOR: Benham, Calhoun, Miller, Powers, Smith

AGAINST: Buskers, Hurlbert, Kaminski, LeHeup-Smith, San Fratello

MOTION FAILED: 5-5

Mr. San Fratello confirmed that the BCC would receive these minutes so they would be aware of the flavor of this Committee's discussions that could give them some ideas on how they want to approach this subject.

Ms. Wickwire stated that one of the charges of this Committee is to explore alternate funding. Chairman Kaminski added that it is also this Committee's charge to track the economic impact of what is being adopted.

Commr. Hill said she would like to bring forth something that is not on agenda. It is a proposal from the County Manager's office. Mr. Minkoff explained that the County Manager and her staff are concerned about an onslaught of prepayments. The County Manager would like to recommend to the BCC on Tuesday, March 20 that the County suspend prepayments immediately. The County would like this Committee's opinion on this at today's meeting. Because the new ordinances will not take effect for four to six months at the earliest, people could still prepay at the lower rate for those four to six months. By suspending prepayments, it would stop people from buying permits and banking them for two to three years in order to avoid these impacts.

Chairman Kaminski felt it is very important to allow prepayments. Many of those prepayments have been sitting for years drawing interest, and it has not hurt anything by having them. She felt it is a crisis and a shame to add \$19,000 at one time to impact fees and then eliminate prepayments. Mr. Minkoff stated that when the County lets impact fees lag as has been done, the prepayment becomes perverted in its use. It was intended to let people with a contract build a house within six to eight months and fix the amount of their fees so they would not be caught with an increase in the middle of their contract or financing. It was not intended for people to save a permit for three years and keep the impact money from going to the schools.

If a large number of prepayments are sold, it could be a significant loss of that revenue permanently.

Mr. Powers said the School Board has asked that prepayments be removed. When Chairman Kaminski said the damage being done is to the young families that live in Lake County, Mr. Powers said the damage has been done by not providing enough schools.

Mr. Benham asked about the impact this will have on permits being pulled if this should be enacted. Ms. Kaminski said permits are already down by 47 percent. Mr. Minkoff explained that national studies have typically shown that no correlation can be drawn between the size of the impact fee and development in the community. Chairman Kaminski said it certainly affects affordable housing. Mr. Calhoun said there are provisions in the study for affordable housing.

In response to Commr. Hill, Mr. Minkoff said the current fees will be in effect up to the date the Ordinance is passed plus 90 days so anyone in the pipeline for the next six months would probably pay the existing rates. Once the permit is purchased, construction must start within six months so there is almost a year's lag.

MOTION by Noah Powers, SECONDED by Nancy Hurlbert to recommend removal of the prepayment option.

FOR: Benham, Calhoun, Hurlbert, LeHeup-Smith, Miller, Powers

AGAINST: Buskers, Kaminski, San Fratello, Smith

MOTION CARRIED: 6-4

MOTION by Jim Miller, SECONDED by Bill Benham to accept the study and recommend the phasing in of the transportation impact fee at 60 percent, 80 percent, and 100 percent to soften the blow of the transportation and school impact fees.

Mr. Powers asked if Mr. Miller would consider adding to the motion that this Committee encourages the County to seek other revenue sources. Although he did not expect this to make much of a difference, Mr. Miller did agree that these other revenue sources should be explored.

In response to Ms. Hurlbert, Mr. Wallace said the BCC can, at any time, reevaluate an impact fee whether it is phased in or established at 100 percent. He would suggest to the Board that they have an obligation to reevaluate the impact fee credits if there is any major change in funding that occurs in this County for the road program. The Board has the prerogative to look at a fee at any time and make any adjustment that it felt was appropriate or necessary or direct that fee to be studied.

If the point of this motion is to get across to the BCC the cumulative impact of the discussions of this Committee and how it could affect the economy of this County, Mr. San Fratello said he would support this motion. However, he would have preferred no numbers attached to it; he would have preferred to just outline some of the key issues discussed at this meeting and allow the BCC to address the numbers. Mr. Miller said this is an indication of what the Committee feels as a group; he felt the BCC may want the numbers.

FOR: Benham, Calhoun, Hurlbert, LeHeup-Smith, Miller, Powers, San Fratello, Smith

AGAINST: Buskers, Kaminski

MOTION CARRIED: 8-2

In response to Chairman Kaminski, Ms. Wickwire said the BCC will have the approved minutes from this

meeting before these studies are presented to them.

Regarding statements made by Committee members about the importance of evaluating alternative funding sources and additional revenue sources, Mr. Wallace felt it was important for the Committee to make the comment on the importance of the sources in augmenting the transportation funding and helping the overall financial picture of the road system. He said there are many things that could be looked at. He thought it would be good, if the Committee thought it appropriate, to go on record as making that comment since Ms. Wickwire mentioned that that was part of this Committee's charge.

MOTION by Ray San Fratello to strongly encourage the Lake County Impact Fee Committee to look at alternative funding sources for roads such as sales tax allocation, second local option gas tax, special districts, and ad valorem taxes.

Chairman Kaminski stated that she would like the record to show that the Lake County Impact Fee Committee is very interested in looking at alternative funding sources for the future and requests a short report outlining alternative funding sources that this Committee could consider for recommendation. In response to Mr. Buskers, Mr. Wallace said they could do a short report. They did this for Pasco County.

Mr. San Fratello withdrew his motion.

Ms. Wickwire stated that Lake County currently has a contract with Tindale-Oliver to do smaller projects. It is not funded for the report this Committee is discussing; but she thought if it was under a certain dollar figure, it could be done by Tindale-Oliver without putting it out for bid. The Committee could ask the Board to have this report provided, but funding for it would be needed.

T. J. Fish, Executive Director of the Lake-Sumter MPO, said their goal also is to not only plan what the needs are but also how to fund those needs. Impact fees alone are not going to be enough. If this body wants to proceed in doing an approach as to how the County can utilize some other funding sources, he would applaud that but would like to see it done in conjunction with the policy board that was created three years ago that has every local government in Lake County represented apart from the School Board, which could be involved if they wish. He would recommend moving forward, but he would like this Committee to coordinate with the MPO process. Mr. Miller confirmed with Mr. Fish that he could come before this Committee and report what is happening within the MPO.

MOTION by Jim Miller to request that the Board of County Commissioners (BCC) add T. J. Fish as a voting member to the Lake County Impact Fee Committee.

Chairman Kaminski said Mr. Fish can come before this Committee and give reports, which she felt would be more appropriate. For him to be on the Committee would be a hindrance due to the Sunshine Law because no Committee member would be able to talk to Mr. Fish outside of a meeting.

Regarding the minutes, Commr. Hill said the minutes could be sent to the BCC in draft form. Chairman Kaminski felt it was important that the BCC be aware of the true picture of what was discussed and voted on at the meeting. Mr. Miller said he liked the idea of the minutes going to the BCC in draft form ahead of time.

Mr. Miller withdrew his motion.

Chairman Kaminski said the next item on the agenda is the review of the 2007 meeting schedule. She asked if there was any reason to meet in April. Ms. Wickwire said she hoped the library and perhaps the parks and fire impact fee studies will be available for review in April. That has not yet been confirmed. Mr. Miller said the meeting can be canceled if there is no business for the Committee in April. Ms. Wickwire added that Mr. Minkoff is working on the updated ordinance.

Ms. Wickwire said she would set up the schedule for 2007 and present it to the Committee next month for their review.

There being no further business, the meeting was adjourned at 2:00 p.m.

Respectfully submitted,

Sherie Ross
Public Hearing Coordinator

Jean Kaminski
Chairman